

Teranga Gold Reports Record Q2 and H1 Production, Raises 2018 Guidance

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(All amounts are in U.S. dollars unless otherwise stated)

TORONTO, Aug. 02, 2018 -- [Teranga Gold Corp.](#) ("Teranga" or the "Company") (TSX:TGZ; OTCQX:TGCDF) today reported its operating, financial and development results for the three and six months ended June 30, 2018.

"There is a lot of positive momentum across our operating mine, development and exploration properties," said Paul Chawrun, Chief Operating Officer. "In Senegal, we achieved record second quarter and half year production at Sabodala and increased our full year 2018 production guidance to at least 230,000 ounces of gold. In Burkina Faso, construction of our second mine at Wahgnion is on track for first pour before the end of next year and we continue to see positive exploration results at Golden Hill, our most advanced exploration property."

"We are on the road to achieving our vision of becoming a multi-asset, mid-tier gold producer in West Africa," added Richard Young, President and CEO. "By the end of 2019, we expect to increase our annualized gold production by about 50% to between 300,000 and 350,000 ounces, diversifying our production base and adding significant scale with a second long-life mine – Wahgnion. Additionally, we are prioritizing Golden Hill within our exploration portfolio given it has the potential to be our third mine and move us into the mid-tier producer category."

Operating & Financial Highlights

Operating Data

Gold produced	(oz)
Gold sold	(oz)
Average realized gold price ¹	(\$ per oz)
Cost of sales per ounce	(\$ per oz sol
Total cash costs ¹	(\$ per oz sol
All-in sustaining costs (excluding non-cash inventory movements and amortized advanced royalty costs) ¹	(\$ per oz sol

Financial Data	Three months ended June 30		
	2018	2017	Change
Revenue	(\$000's) 86,050	72,040	19%
Cost of sales	(\$000's) (59,997)	(54,281)	11%
Gross profit	(\$000's) 26,053	17,759	47%
Net profit attributable to shareholders of Teranga	(\$000's) 11,586	9,640	20%
Per share	(\$) 0.11	0.09	20%
Adjusted net profit attributable to shareholders of Teranga ¹	(\$000's) 6,192	9,723	(36%)
Per share ¹	(\$) 0.06	0.09	(36%)
EBITDA ¹	(\$000's) 44,949	23,827	89%

	(\$000's)	26,105	22,191	18%
Operating cash flow excluding changes in working capital other than inventories				
Operating cash flow	(\$000's)	19,181	7,434	158%
	(\$000's)	4,150	9,611	(57%)
Sustaining capital expenditures (excluding deferred stripping)				
Capitalized deferred stripping - sustaining	(\$000's)	8,157	4,704	73%
Growth capital expenditures	(\$000's)	22,830	6,932	229%

- Record second quarter and half year production resulted in an increase in full year 2018 production guidance to at least 230,000 ounces (original guidance 210,000 to 225,000 ounces).
- Per ounce metrics, including cost of sales, total cash costs¹, all-in sustaining costs¹ and all-in sustaining costs (excluding non-cash inventory movements and amortized advanced royalty costs)¹ were all lower than the prior year quarter and below the full year guidance ranges, mainly due to higher grades mined and processed.
- For the three and six months ended June 30, 2018, net profit attributable to Teranga shareholders benefited from realized and unrealized gains on gold forward sales contracts and an increase in gross profit as a result of higher revenue, partially offset by an increase in income tax expense and a non-cash adjustment as a result of the adoption of IFRS 15.
- Cash and cash equivalents totalled \$91.7 million, up \$31.4 million from the first quarter 2018 balance of \$60.3 million.
- During the second quarter, the Company drew down \$70 million under a secured development facility with Taurus Funds Management Pty Ltd. and fully repaid its \$15 million revolving credit facility.

Organic Growth Highlights

Wahgnion M&I Resources Increased Significantly

- Wahgnion's M&I resources increased by 33% from 1.8 million ounces to 2.4 million ounces.
- The Company is targeting a conversion rate of more than 50% of the 600,000 ounces of additional mineral resources into reserves.

Wahgnion Construction is on Track and Progressing Well

- Completed plant design.
- Detailed engineering is on schedule to support site construction.
- The development of site infrastructure is moving forward on schedule.
- Major plant construction commenced with pouring of structural concrete.

Golden Hill: The Company's Most Advanced Exploration Property

- The number of prospects at Golden Hill now stands at nine, a twofold increase from one year ago.
- Positive drill results during the quarter progressing towards an initial resource estimate by year-end.
- Teranga has secured \$25 million³ for the future advancement of Golden Hill to a feasibility study.

Key Milestones in 2018

Teranga's operations, development and exploration teams are expecting to deliver on a number of key milestones through the remainder of 2018. They include:

- Sabodala: Achieve increased 2018 production guidance of at least 230,000 ounces of gold and generate strong free cash flows²; advance Niakafiri resettlement to pave way for drilling in 2019.
- Wahgnion: Update mineral reserve estimate, mine plan and NI 43-101 technical report in Q3 2018.
- Golden Hill: Provide further exploration updates and issue an initial resource estimation by year-end.
- Côte d'Ivoire: Provide updates on exploration and development activities.

Consolidated Financial Statements

A copy of Teranga's consolidated financial statements and management's discussion & analysis for the three and six months ended June 30, 2018 are available on the Company's website at www.terangagold.com, SEDAR at www.sedar.com and on the OTC Markets' website at www.otcm Markets.com/terangagold.

Q2 2018 Conference Call & Webcast

Teranga will host a conference call/audio webcast today at 8:30 a.m. ET, during which management will review the highlights for the quarter. Those wishing to listen can access the live conference call and webcast as follows:

Date & Time: Thursday, August 2, 2018 at 8:30 a.m. ET

Telephone: Toll-free +1-877-291-4570

Local of International +1-647-788-4919

Please allow 10 minutes to be connected to the conference call.

Webcast: The webcast can be accessed on Teranga's website at www.terangagold.com/q22018.

Replay: The conference call replay will be available for two weeks after the call by dialling +1-416-621-4642 or toll-free at +1-800-585-8367 and entering the conference ID 3675279.

Note: The slide presentation will be available for download at www.terangagold.com for simultaneous viewing during the call.

Endnotes

⁽¹⁾ This is a non-IFRS financial measure and does not have a standard meaning under IFRS.

Starting in 2018, the Company adopted "adjusted net profit attributable to shareholders" and "adjusted basic earnings per share" as new non-IFRS financial measures. These non-IFRS financial measures are used by management and investors to measure the underlying operating performance of the Company. Presenting these measures from period to period is expected to help management and investors evaluate earnings trends more readily in comparison with results from prior periods.

The Company calculates "adjusted net profit attributable to shareholders" as net profit attributable to shareholders adjusted to exclude specific items that are significant, but not reflective of the underlying operations of the Company, including: the impact of unrealized and realized foreign exchange gains and losses, gains and losses on derivative instruments, accretion expense on long-term obligations, impairment provisions and reversals thereof, and other unusual or non-recurring items. During the second quarter of 2018, the Company also excluded the impact of foreign exchange movements on deferred taxes and other non-cash fair value changes from adjusted net profit attributable to shareholders as management does not believe these factors to be reflective of the underlying performance of the Company.

"Adjusted basic earnings per share" is calculated using the weighted average number of shares outstanding under the basic method of earnings per share as determined under IFRS.

(US\$000's)	Three months ended June 30, Six months ended June 30,			
	2018	2017	2018	2017
Net profit attributable to shareholders	11,586	9,640	14,567	15,803
Adjustments (net of tax) for:				
Gains on derivative instruments	(10,942)) -	(7,881)) -
Accretion expense	2,465	141	5,004	293
Acquisition	-	32	-	52
Net foreign exchange (gains) losses	(124)) 2,024	1,945	2,937
Impact of foreign exchange on deferred taxes	3,218	(2,114)) 2,471	(2,890)
Change in fair value of share warrant liability	(11)) -	(11)) -

	6,192	9,723	16,095	16,195
Adjusted net profit attributable to shareholders				
Basic earnings per share	0.11	0.09	0.14	0.15
Adjusted basic earnings per share	0.06	0.09	0.15	0.15

For complete details of the Company's Non-IFRS Performance Measures, please see the Non-IFRS Performance Measures section in Management's Discussion & Analysis for the three and six months ended June 30, 2018 available on the Company's website at www.terangagold.com.

(2) The free cash flow estimates are based on the updated life of mine plan and reserve estimate for the Sabodala project as set out in the technical report of Teranga for the Sabodala Project, Senegal, West Africa dated August 30, 2017 (see in particular section 21 - Capital and Operating Costs).

(3) The \$25 million tranche from the Taurus Facility is to fund the completion of a feasibility study on Golden Hill and is available for drawdown upon delivery of a positive initial preliminary economic assessment to the satisfaction of the lenders.

Forward-Looking Statements

This press release contains certain statements that constitute forward-looking information within the meaning of applicable securities laws ("forward-looking statements"), which reflects management's expectations regarding Teranga's future growth opportunities, results of operations, performance (both operational and financial) and business prospects (including the timing and development of new deposits and the success of exploration activities) and other opportunities. Wherever possible, words such as "plans", "expects", "does not expect", "scheduled", "trends", "indications", "potential", "estimates", "predicts", "anticipate" “to establish” or "does not anticipate", "believe", "intend", "ability to" and similar expressions or statements that certain actions, events or results "may", "could", "would", "might", "will", or are "likely" to be taken, occur or be achieved, have been used to identify such forward looking information. Specific forward-looking statements in this presentation include forecasting 2018 gold production of at least 230,000 ounces. Although the forward-looking information contained in this press release reflect management's current beliefs based upon information currently available to management and based upon what management believes to be reasonable assumptions, Teranga cannot be certain that actual results will be consistent with such forward-looking information. Such forward-looking statements are based upon assumptions, opinions and analysis made by management in light of its experience, current conditions and its expectations of future developments that management believe to be reasonable and relevant but that may prove to be incorrect. These assumptions include, among other things, the closing and timing of financing, the ability to obtain any requisite governmental approvals, the accuracy of mineral reserve and mineral resource estimates, gold price, exchange rates, fuel and energy costs, future economic conditions, anticipated future estimates of free cash flow, and courses of action. Teranga cautions you not to place undue reliance upon any such forward-looking statements.

The risks and uncertainties that may affect forward-looking statements include, among others: the inherent risks involved in exploration and development of mineral properties, including government approvals and permitting, changes in economic conditions, changes in the worldwide price of gold and other key inputs, changes in mine plans and other factors, such as project execution delays, many of which are beyond the control of Teranga, as well as other risks and uncertainties which are more fully described in Teranga's Annual Information Form dated March 29, 2018, and in other filings of Teranga with securities and regulatory authorities which are available at www.sedar.com. Teranga does not undertake any obligation to update forward-looking statements should assumptions related to these plans, estimates, projections, beliefs and opinions change. Nothing in this document should be construed as either an offer to sell or a solicitation to buy or sell Teranga securities. All references to Teranga include its subsidiaries unless the context requires otherwise.

About Teranga

Teranga is a multi-jurisdictional West African gold company focused on production and development as well as the exploration of more than 6,400 km² of land located on prospective gold belts. Since its initial public

offering in 2010, Teranga has produced more than 1.5 million ounces of gold from its operations in Senegal, which as of June 30, 2017 had a reserve base of 2.7 million ounces of gold. Focused on diversification and growth, the Company is advancing its Wahgnion Gold Project in Burkina Faso towards delivering its second producing gold mine, as well as carrying out extensive exploration programs in three West African countries: Burkina Faso, Côte d'Ivoire and Senegal. The Company had nearly 4.0 million ounces of gold reserves from its combined Sabodala Gold operations and Wahgnion Gold Project as of June 30, 2017. Teranga applies a rigorous capital allocation framework for its investment decisions to execute on its growth strategy relying on a combination of cash on the balance sheet, free cash flow from operations and debt.

Steadfast in its commitment to set the benchmark for responsible mining, Teranga operates in accordance with the highest international standards and aims to act as a catalyst for sustainable economic, environmental, and community development as it strives to create value for all of its stakeholders. Teranga is a member of the United Nations Global Compact and a leading member of the multi-stakeholder group responsible for the submission of the first Senegalese Extractive Industries Transparency Initiative revenue report.

Contact Information

Richard Young

President & CEO

T: +1 416-594-0000 | E: ryoung@terangagold.com

Trish Moran

Head of Investor Relations

T: +1 416-607-4507 | E: tmoran@terangagold.com

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